

JUNE 2018 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- High-grade gold from RC drilling at Contessa and Gidgee Flat demonstrates excellent potential along the 15km granite contact perimeter.
 - Contessa
 - 4m at 74g/t Au from 140m, including 1m at 153g/t Au from 140m and 1m at 128g/t Au from 141m and
 - 4m at 5.6g/t Au from 170m
 - Gidgee Flat
 - 2m at 8.3g/t Au from 174m and 11m at 5.8g/t Au from 195m, including 1m at 28g/t Au from 202m
 - 2m at 7g/t Au from 154m
 - 1m at 10.7g/t Au from 203m
 - Aircore drilling at Gidgee Flat extends strike length of bedrock target to 200m, intersecting vein-hosted mineralisation 100m northwest of RC drilling:
 - 4m at 6.8g/t Au from 44m
- Impressive aircore results from Central Park point to a bedrock source on adjacent granite contact.
 - 28m at 1.8g/t Au from 32m, including 12m at 3.7g/t Au from 36m
 - 32m at 0.9g/t Au from 20m, including 12m at 2.0g/t Au from 36m and
 - 32m at 0.6g/t Au from 12m, including 8m at 1.7g/t Au from 20m
- Upcoming drill programs:
 - Diamond drilling of twin holes targeting high-grade gold zones at Gidgee Flat and Contessa.
 - 7,000m RC drilling program at Gidgee Flat, Contessa and Central Park intended to advance bedrock targets towards a maiden Mineral Resource.
- Upcoming geophysical programs:
 - Planned IP survey at Gidgee Flat will target the granite contact to identify anomalies related to pyrite - associated gold mineralisation.
 - Follow up IP at Contessa will target the zone of pyrite – associated, high-grade gold mineralisation intersected in recent RC drilling, northwest of the area targeted by an IP survey in 2016.
- Conversion of 23.4m listed options, exercisable at \$0.03 on or before 31 October 2019, post quarter-end by Chairman Ross Taylor to raise an additional \$702,000 to support future activities.

NED'S CREEK PROJECT (LSR – 100%)

High-grade gold results reported from RC drilling at Contessa and Gidgee Flat (see Lodestar's ASX announcement dated 22nd May 2018) have verified the potential of the Ned's Creek project to host significant intrusion-related mineralisation. Approximately 90% of the 15km perimeter of the Contessa granite remains untested by bedrock drilling.

Both Gidgee Flat and Contessa reported the highest grade bedrock drill intersections from the project to date and warrant systematic follow-up drilling, with the aim of advancing the project towards a maiden Mineral Resource.

The following activities were completed or underway during the quarter:

- Aircore drilling at Boundary Fence, Brumby, Central Park and Gidgee Flat (see Figure 1).
- IP (induced polarisation) geophysics
 - Review of the 2016 Contessa IP data.
 - IP survey at Gidgee Flat awaiting arrival of contractor.
- Geochemical profiling of Contessa RC drilling.
- Preliminary metallurgical test work on Gidgee Flat gold samples.
- Detailed aeromagnetic survey over highly prospective Archaean basement and granite margin within the Yowereena farm in tenements.

Aircore drilling was carried out at the Boundary Fence, Brumby, Central Park and Gidgee Flat prospects (see Figure 1). A total of 5,671m was drilled, delivering outcomes of particular significance at Gidgee Flat and Central Park (see Lodestar's ASX announcement dated 4th July 2018).

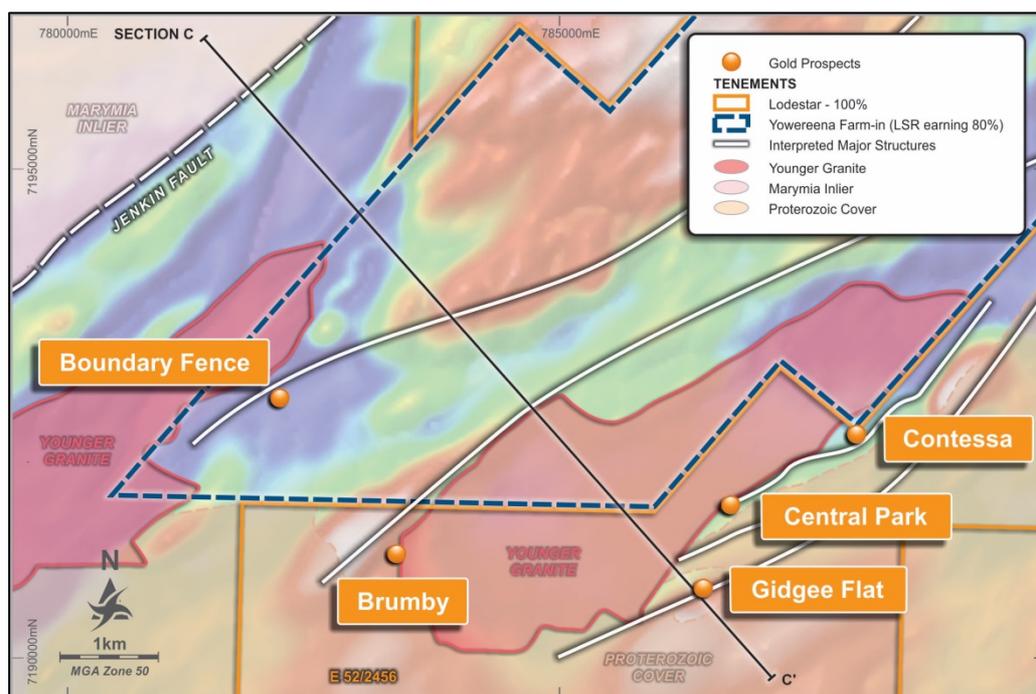


Figure 1 Gold prospect location plan, Ned's Creek project.

Gidgee Flat

Aircore drilling (average depth 50m) confirmed the presence of the mineralised structure 100m northwest of the RC drilling, with evidence of mineralised quartz veining (4m at 6.8g/t Au in LNR1079) with silica-sericite, silica-haematite alteration and syenite intrusives. This style of alteration was also noted in LNR1086 and LNR1066 (respectively, 260m north and 280m south of the RC drilling), giving added confidence that the target structure extends beyond the area of RC drilling and potentially for over 600m.

An IP survey planned for Gidgee Flat is awaiting the arrival of the contractor. The survey will target the 800m length of the granite contact, including the high-grade gold intersections reported from RC drilling. Robust geological constraints provided by RC drilling will greatly assist the interpretation of the IP results.

Chargeable anomalies identified by the survey will be tested by RC drilling planned for the September quarter. IP geophysics is very applicable to the Gidgee Flat environment and is commonly used to locate bedrock targets where gold mineralisation is associated with disseminated sulphides.

Preliminary metallurgical sampling of selected RC samples has commenced with the aim of quantifying metallurgical recoveries from the intrusion-related style of gold mineralisation, previously unrecognised within the district. Selected samples of transition and primary zone mineralisation were submitted for gold extraction test work.

Central Park

Aircore drilling (average depth 66m) has defined significant supergene mineralisation and anomalous gold over a strike length of 320m. The setting, adjacent to the granite contact with granite/syenite dykes intruding the mafic sequence, is analogous to Gidgee Flat. The granite contact has not been effectively tested by aircore drilling and represents a priority target for RC drilling.

Boundary Fence

Aircore drilling has confirmed anomalous gold at shallow depths above a quartz breccia mineralised shear zone. An initial program of RC drilling is planned to penetrate the shear zone and the underlying sequence.

Brumby

Aircore drilling (average depth 32m) is constrained by shallow weathering and minimal dispersion of gold within the weathering profile, effectively reducing the footprint of any anomaly. The granite contact is a significant target for initial RC drilling with the aim of locating mineralised structures similar to those encountered at Gidgee Flat.

Contessa

Geochemical profiling of 1,260 RC samples using a pXRF analyser assisted in producing a general interpretation of the Contessa geology. Pyrite-gold mineralisation appears to be related to continuous silicified zones intersected on all RC drill sections. The silicified zones

dip at 30 degrees towards the northwest, demonstrating a previously noted similarity to the controlling structures on the northern margin of the Plutonic Well Greenstone Belt. Confirmation of this orientation through the use of geochemistry supports Lodestar's belief that thrust-related, gold mineralising events were not confined to the Plutonic Well Greenstone Belt and extend into the adjacent northern margin of the Yilgarn Craton, a concept that has significant implications for regional exploration.

A review of the IP survey completed over Contessa in 2016 was carried out to confirm the effectiveness of the survey in relation to the revised target position. The review confirmed that the survey met the original requirements. However, an improved understanding of the of the Contessa bedrock mineralisation indicates that the 2016 survey targeted a position south of the area of recent RC drilling. It is planned to test the revised target, following the Gidgee Flat survey, with a single traverse of IP to determine the IP response in the area of high-grade, pyrite-associated gold mineralisation.

Regional

A 2,906-line kilometre, high resolution aeromagnetic survey was flown over the Yowereena farm-in tenements and Lodestar's adjacent tenements (see Figures 2 and 3). The survey provides Lodestar with a quality framework for geological interpretation of the large areas of prospective Archaean basement concealed by shallow transported cover. The survey will assist Lodestar's intended expansion of exploration activity on the Yowereena tenements and has yielded positive early results.

Previous reconnaissance exploration carried out by Homestake Gold Australia Limited in 2000 to 2001 identified significant gold anomalies within areas of Archaean bedrock covered by thin transported alluvium (see Lodestar's ASX announcements dated 14th March 2017 and 18th May 2017). The historic work included wide spaced RAB drilling and geochemical sampling of the interface between transported alluvium and the weathered basement (CBI sampling). The CBI sampling did not cover the entire area of interest and was completed before the significance of the granite contact and syenite-related mineralisation was recognised. CBI samples were analysed for gold and multi-elements, including As, Bi, Co, Cr, Cu, Fe, Mn, Ni, Pb and Zn.

The interpretation of the new aeromagnetic data and historic geochemical data suggests that east-northeast trending shear zones have a strong influence on the areas of gold and multi-element anomalies. Two large gold and multi-element anomalies are evident, previously identified as anomalies A and B (see Lodestar's ASX announcement dated 18th May 2017). The first, adjacent to the granite contact, extends for 2.4km and includes maxima of 41ppb Au, 311ppm As, 78ppm Pb and 15ppm Bi. The element association and high values within this anomaly are a strong indicator of underlying sulphide mineralisation and similar to anomalies associated with the Ned's Creek gold system. The second multi-element anomaly, within the mafic sequence, extends for 1.2km with a similar element association having maxima of 76ppb Au, 16ppm As, 49ppm Pb and 2.5ppm Bi. Each CBI anomaly is supported by significant anomalous gold in reconnaissance RAB drilling completed by Homestake, before the CBI geochemistry program.

Lodestar intends to follow up these major anomalies with aircore drilling.

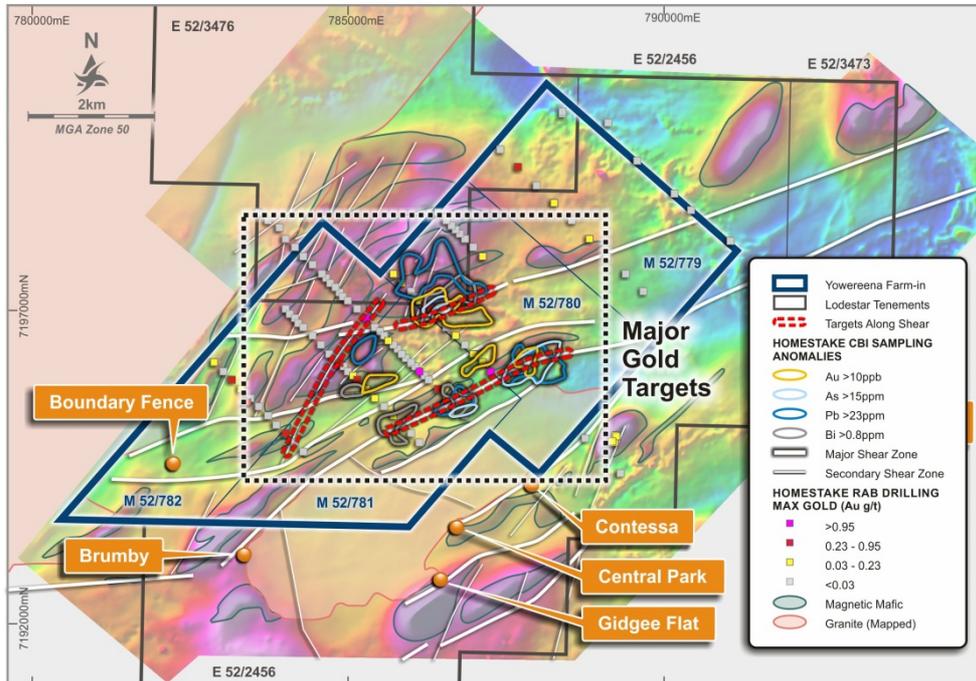


Figure 2 High resolution aeromagnetic survey with interpretation showing historic gold and multi-element geochemistry on east-northeast shear zones. Background RTP aeromagnetic image.

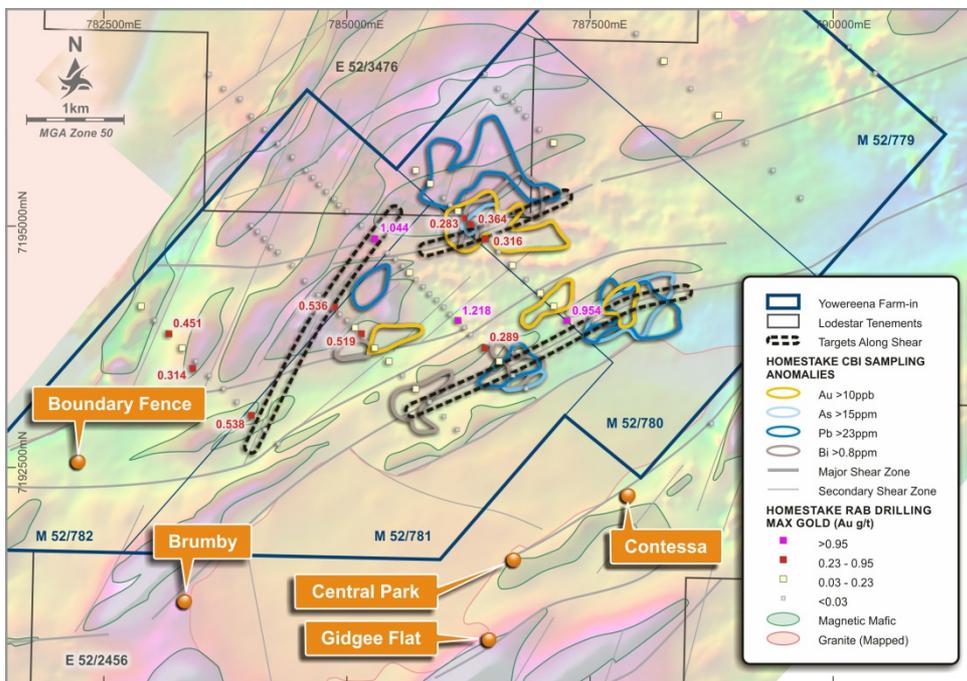


Figure 3 Enlargement of Figure 2, showing multi-element anomalies and gold in historic aircore drilling.

SEPTEMBER QUARTER 2018 ACTIVITIES

The following activities are planned for the September quarter 2018:

- IP geophysics surveys at Gidgee Flat and Contessa.
- Diamond drilling of high grade gold intersections at Contessa and Gidgee Flat.
- Commence ~7,000m RC drill program to systematically test mineralised structures at Gidgee Flat, Contessa and Central Park.

Corporate

Post quarter-end, Chairman Ross Taylor converted 23,400,000 listed options with an exercise price of \$0.03 per share, to raise a total of \$702,000.

The options had an expiry date of 31 October 2019 and were issued, following the approval of Lodestar shareholders, as part of the consideration for a convertible loan provided by Mr Taylor in March 2018.

As a result of this conversion, Mr Taylor's interest in the Company increased to 28.76%.

Following Mr Taylor's option conversion, Lodestar is in a strong funding position, with approximately A\$1.7 million in available funds to support its future work programs.

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About Lodestar

Lodestar Minerals is an active Western Australian gold explorer with a prospective tenement package spanning more than 2,000km² at the edge of the Pilbara and Yilgarn Cratons. Lodestar has three main projects – Ned's Creek, Camel Hills and Imbin – and is also earning an 80% interest in Vango Mining's Yowereena gold project which is adjacent to Ned's Creek.

Lodestar's main focus is Ned's Creek where it was first to identify the potential for syenite intrusion-related gold mineralisation within a craton margin setting and subsequently has made greenfields gold discoveries at the Contessa and Gidgee Flat prospects. Contessa is one of many partly explored gold anomalies located within a large shear zone developed along the southern margin of a 6 kilometre long, elongate composite granite intrusion. The Yowereena gold project provides Lodestar with access to the unexplored northern margin of the Contessa granite and under explored prospective Archaean greenstone terrane within a region of major gold endowment and production.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Bill Clayton, Managing Director, who is a Member of the Australasian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the

activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Clayton consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information in this announcement that relates to previously released exploration results was disclosed under JORC 2012 in the ASX announcements dated

- *14th March 2017 "Farm in Agreement Enhances Gold Potential at Ned's Creek".*
- *18th May 2017 "New Early Stage Gold Targets at Yowereena"*
- *22nd May 2018 "Outstanding RC Drill Results at Gidgee Flat and Contessa"*
- *4th July 2018 "Aircore Results Confirm Large Bedrock Drill Targets"*

These announcements are available to view on the Lodestar website. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

APPENDIX 1: Schedule of Exploration Tenements as at 30 JUNE 2018

Tenement Description	Tenement Numbers	Status	Percentage Interest
Ned's Creek			
7 Mile Well	E52/2440	Granted	100% - Audacious Resources
Yowereena Hill	E52/2456	Granted	100% - Audacious Resources.
Little Well	E52/2468	Granted	100% - Audacious Resources
Yowereena Hill	E52/2493	Granted	100% - Audacious Resources
Yowereena Hill	E52/2734	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3473	Granted	100% - Lodestar Minerals
Yowereena Hill	E52/3476	Granted	100% - Lodestar Minerals
Imbin – Troy Creek			
Ingebong Hills	E69/3483	Granted	100% - Lodestar Minerals
Ingebong Hills	E69/3532	Application	
Ingebong Hills	E69/3533	Application	
Camel Hill / Mt Erong			
Meekatharra	E09/2099	Granted	100% - Lodestar Minerals
Meekatharra	E09/2100	Granted	100% - Lodestar Minerals
Billycan Bore	E52/3064	Granted	100% - Lodestar Minerals
Meekatharra	E09/2215	Granted	100% - Lodestar Minerals

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LODESTAR MINERALS LIMITED

ABN

32 127 026 528

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(794)	(1,693)
(b) development	-	-
(c) production	-	-
(d) staff costs	(80)	(290)
(e) administration and corporate costs	24	(185)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	5
1.5 Interest and other costs of finance paid	-	(20)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(847)	(2,183)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,556
3.2 Proceeds from issue of convertible notes	-	800
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(4)	(207)
3.5 Proceeds from borrowings	-	32
3.6 Repayment of borrowings	-	(40)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(4)	3,141

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,918	109
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(847)	(2,183)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(4)	3,141
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,067	1,067

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,067	1,918
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,067	1,918

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

80

6.1 - Includes salaries paid to Directors, as well as superannuation paid on behalf of Directors. A percentage of the Managing Director's salary has been expensed to exploration activities. Also, includes corporate and accounting services paid to a company associated with one of the Directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	271
9.2	Development	-
9.3	Production	-
9.4	Staff costs	50
9.5	Administration and corporate costs	73
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	394

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A		
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
Director and Company Secretary

Date: 27 July 2018

Print name: David M McArthur

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.